

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Reef Securities, Inc. ([CRD® #31951](#), Richardson, Texas) and Paul Frank Mauceli Jr. (CRD #2330829, Garland, Texas)

April 11, 2018 – A Letter of Acceptance, Waiver and Consent (AWC) was issued in which the firm was censured and fined \$40,000. Mauceli was fined \$5,000 and suspended from association with any FINRA® member in any principal capacity for four months. Without admitting or denying the findings, the firm and Mauceli consented to the sanctions and to the entry of findings that the firm, acting through Mauceli, the firm's president, failed to notify investors in a timely manner of a right of rescission following the issuance of an updated general partners audited balance sheet and approval of a revised prospectus. The findings stated that the firm served as the broker-dealer selling an oil and gas drilling and income fund limited partnership for an issuer. The firm, acting through Mauceli and the issuer, decided not to send the revised prospectus and a notice offering each investor an opportunity to confirm or rescind his or her investment decision, despite the requirements of the prospectus, due to low prices in the oil and gas market. FINRA discovered that the firm had not provided the revised prospectus and notice to the vast majority of the investors in the income fund. After FINRA raised the issue, the firm eventually sent the revised prospectus and notice to the remaining investors, whereupon several investors rescinded their investment. The findings also stated that the firm distributed communications related to a real estate investment trust offering to investors that failed to provide balanced presentation or a sound basis for evaluating the investments being promoted, contained misleading and unwarranted claims and, in addition, made prohibited investor profit projections.

The suspension is in effect from May 7, 2018, through September 6, 2018.
([FINRA Case #2015043469001](#))

Firms Fined

Lombard Securities Incorporated ([CRD #27954](#), Baltimore, Maryland)

April 2, 2018 – An AWC was issued in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it executed municipal securities transactions without having a Municipal Securities Principal at the firm. The findings stated that the firm failed to establish and maintain a supervisory system and written procedures reasonably designed to supervise municipal

Reported for June 2018

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

securities transactions. The firm's procedures improperly delegated responsibility for reviewing municipal securities transactions to a principal who did not hold a Municipal Securities Principal license. In addition, the firm permitted another principal, who also was not a registered Municipal Securities Principal, to review and approve municipal securities transactions. ([FINRA Case #2016047661702](#))

Merrill Lynch, Pierce, Fenner & Smith Incorporated ([CRD #7691](#), New York, New York)

April 6, 2018 – An AWC was issued in which the firm was censured, fined \$115,000 and required to revise its written supervisory procedures (WSPs). Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in National Market System (NMS) stocks that do not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm failed to take reasonable steps to establish that the intermarket sweep orders it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The firm experienced four systems issues that gave rise to certain of the above violations. In connection with one of the systems issues, the firm became aware in June 2007 that its smart order router would limit the total share quantity of its Regulation NMS sweep obligation to the share quantity of the relevant underlying customer facilitation trade. Thus, in cases where the quantity of superior protected quotations in the market was greater than the quantity of shares in the underlying customer facilitation trade, the firm's smart order router may not have routed intermarket sweep orders to all superior protected quotations in the market or to the full size of all superior protected quotations in the market, resulting in trade-throughs of those protected quotations. The firm failed to recognize the scope of the issue and assigned it a low priority for later remediation. The firm did not remediate the issue until March 2014. The firm also reported four trades with Trade Through Exempt modifiers to the FINRA Trade Reporting Facility (TRF®) when, in fact, the transactions were not exempt. ([FINRA Case #2013037652201](#))

Simmons First Investment Group, Inc. ([CRD #47439](#), Little Rock, Arkansas)

April 10, 2018 – An AWC was issued in which the firm was censured and fined \$200,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish and implement an anti-money laundering (AML) program that could reasonably be expected to detect and cause the reporting of suspicious transactions occurring in accounts connected to one of its customers. The findings stated that this customer's accounts represented the vast majority of the firm's money movement activities. The firm did not adequately detect and investigate potentially suspicious transactions occurring in the customer's accounts for purposes of determining whether to file suspicious activity reports (SARs). The failure is significant because SARs are designed to flag possible money laundering or other potentially criminal activity to the

Financial Crimes Enforcement Network (FinCEN). The accounts were opened to engage in securities transactions with the investment objective of income. Despite the investment objective, the accounts engaged almost exclusively in banking activity, consisting of \$90 million in deposits and \$84 million in withdrawals. This banking activity involved hundreds of transactions, including transfers to and from potential politically exposed persons and to and from the accounts of individuals and entities located in bank secrecy havens or countries identified as presenting money-laundering risks. The firm understood that the owners of the accounts engaged in a type of international business activity that presented an increased risk of transactions being tainted by corruption or bribery. However, because of the customer's long-standing relationship with the firm and its affiliated bank, the firm presumed the transactions had a legitimate business purpose. The firm generally did not seek to confirm the legitimacy of transfers to or from potential politically exposed persons, or to or from countries deemed to pose money-laundering risks. Because of this long-standing relationship and the firm's knowledge of the customer's business activities, any potentially suspicious transactions that appeared on the daily AML reports were typically approved without further investigation into the apparent business or otherwise lawful purpose of transactions that triggered red flags of potentially suspicious activity. Due to the firm's presumptions regarding the legitimacy of the activity, it essentially relied on its clearing firm to review these accounts for suspicious activities. Absent questions from the clearing firm, the firm assumed that an SAR filing was unnecessary. The firm did not understand its own independent obligation to review the transactions for suspicious activity, believing that the clearing firm's lack of inquiry signaled that the transactions were not reportable. The firm similarly did not document the reasons for its conclusions regarding whether an SAR should be filed. The firm inadequately implemented its AML written procedures because it did not adequately investigate the potentially suspicious money movement identified in its AML reports, and it did not report, if appropriate, the activity in the accounts. The findings also stated that although the firm conducted annual independent tests of its AML compliance programs, the tests were inadequate. The tests did not review account activity or money movements for any of the firm's accounts. As a result, the tests did not determine whether potential suspicious activity was being adequately detected, monitored and investigated. This significant gap in the testing prevented the firm from discovering that the written AML procedures were not being implemented. ([FINRA Case #2016052628901](#))

J.H. Darbie & Co., Inc. ([CRD #43520](#), New York, New York)

April 11, 2018 – An AWC was issued in which the firm was censured; fined \$25,000; required within 90 days of the issuance of the AWC, or such additional period as agreed to by FINRA, to submit a written certification that the firm's systems, policies and procedures are reasonably designed to achieve compliance with FINRA Rule 3110(b)(6) (C); and required to file with FINRA's Advertising Regulation Department, for the period of six months from the effective date of the AWC, all new retail communications, as defined in FINRA Rule 2210(a)(5), concerning any variable annuity product, at least 10

business days prior to their first use. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to supervise the variable annuity recommendations and related retail communications of one of its registered representatives. The findings stated that the registered representative sent to prospective customers numerous retail communications concerning a variable annuity-based investment strategy that the registered representative had developed. These communications failed to comply with the content standards of FINRA's advertising rules in multiple respects. Because the firm was allowing the registered representative to self-supervise his variable annuity-related activities, the firm failed to identify or prevent these violative communications. ([FINRA Case #2015043369501](#))

Park Avenue Securities LLC ([CRD #46173](#), New York, New York)

April 11, 2018 – An AWC was issued in which the firm was censured, fined \$300,000 and required to submit a written certification to FINRA that it has completed a review of its systems and procedures regarding the supervision of variable annuities and that, as of the date of the certification, the firm's policies, systems and procedures (written and otherwise) are reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules, including the FINRA rules addressed in the AWC. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to ensure that representatives' recommendations concerning multi-share class variable annuities complied with applicable securities laws, regulations and rules. The findings stated that the firm's sales of variable annuities included L-share contracts. Nevertheless, the firm's WSPs failed to address suitability considerations for sales of different variable annuity share classes. The firm did not provide training to registered representatives on the features of the various share classes and the associated fees and surrender charges, and did not provide them with adequate information to compare share classes to make suitability determinations. In addition, the firm had no WSPs, and failed to provide guidance or training to registered representatives and principals regarding the sale of long-term income riders with multi-share class variable annuities, particularly the combination of L-share contracts with long-term income riders. The firm had no surveillance procedures to determine if any of its representatives had potentially inappropriate rates of variable annuity exchanges. The firm provided additional training to its registered representatives regarding multi-share class variable annuities, including L-share contracts. Subsequently, the firm's representatives sold fewer L-share contracts, and it ceased selling L-share contracts. ([FINRA Case #2015043390301](#))

Wedbush Securities Inc., ([CRD #877](#), Los Angeles, California)

April 11, 2018 – An AWC was issued in which the firm was censured, fined \$40,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce written policies and procedures that were reasonably designed to prevent trade-

throughs of protected quotations in NMS stocks that did not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. The findings stated that the firm inaccurately appended print protection modifiers to transaction reports submitted to the FINRA/Nasdaq TRF (FNTRF) identifying the transactions as qualifying for an exception or exemption from SEC Rule 611 of Regulation NMS. The findings also stated that for stopped orders that the firm purportedly had executed, pursuant to Securities and Exchange Commission (SEC) Rule 611(b)(9), it failed to document on an order-by-order basis the specified price agreed to by the customer, and the time at which the stop price was determined. ([FINRA Case #2014041261702](#))

Potamus Trading, LLC ([CRD #142867](#), Boston, Massachusetts)

April 16, 2018 – An AWC was issued in which the firm was censured, fined \$100,000 and required to revise its WSPs. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it transmitted reportable order events (ROEs) to the Order Audit Trail System (OATS™) that contained inaccurate, incomplete or improperly formatted data. The findings stated that specifically, the firm submitted ROEs to OATS that failed to report order event timestamps in milliseconds when the firm's system captured time in milliseconds, and that the firm did not include the required special handling code of "immediate or cancel." The firm submitted trade reports to the FINRA TRF that contained inaccurate, incomplete or improperly formatted data. Specifically, the firm submitted trade reports to the TRF that failed to report execution timestamps in milliseconds when the firm's system captured time in milliseconds. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and/or FINRA and SEC rules concerning OATS reporting and equity trade reporting. The firm's supervisory system did not include WSPs providing for a comprehensive review of the OATS website incorporating such steps necessary to ensure that the firm's OATS submissions are timely, accurate and complete. Additionally, the firm's supervisory system failed to provide for sufficient steps to ensure the firm complied with applicable changes in OATS and trade reporting rules. ([FINRA Case #2015046920901](#))

Jumpstart Securities, LLC ([CRD #156214](#), Atlanta, Georgia)

April 20, 2018 – An AWC was issued in which the firm was censured and fined \$50,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to ensure that a non-registered affiliated individual involved in the management of the firm's business was properly registered as a principal. The findings stated that the firm was required to review or retain all business-related emails sent from or received through the email accounts at the parent company but failed to do so. Registered persons periodically used email accounts of its parent company to conduct firm business. The findings also stated that the firm maintained the registration status of an individual who was not acting as a representative for the firm. The firm filed a

Uniform Application for Securities Industry Registration or Transfer (Form U4) for a Series 7 registered individual the last possible day before the individual would have been required to retake their securities examination in order to remain registered. The individual worked for a real estate investment company that used the firm to act as agent for its contingent offering accounts. The individual had no employment contract with the firm, nor did he ever receive any compensation. While registered with the firm, the individual took but did not pass the Series 63 examination. The firm eventually terminated the individual's association with the firm. The findings also included that the firm failed to utilize proper special benefit accounts for investor funds received for non-contingent offerings, funds received after a minimum contingency was met and funds processed for check distribution to investors. No customer funds were ever at risk. ([FINRA Case #2016047857701](#))

UTC Financial Services USA, Inc. ([CRD #119529](#), Port of Spain, Trinidad)

April 20, 2018 – An AWC was issued in which the firm was censured and fined \$7,500. A lower fine was imposed after considering, among other things, the firm's revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it maintained inaccurate financial books and records, filed inaccurate Financial and Operational Combined Uniform Single (FOCUS™) filings and failed to timely file notifications pursuant to Rule 17a-11 of the Securities Exchange Act of 1934 (Exchange Act). The findings stated that these violations were the result of the firm's incorrect classification of assets as "allowable," the inaccurate treatment of liabilities and revenues resulting from an inadequate expense sharing agreement and the firm's failure to enforce its WSPs. The findings also stated that the firm failed to maintain and review certain of its financial and operations principal's (FINOP) business-related emails sent to and received from her third-party email account. Consequently, those emails were not maintained in non-rewriteable, non-erasable format. The firm did not have in place an audit system to ensure that the emails were properly maintained, and it did not enforce its WSPs. ([FINRA Case #2015043418701](#))

J.P. Morgan Securities LLC ([CRD #79](#), New York, New York)

April 23, 2018 – An AWC was issued in which the firm was censured, fined a total of \$345,000, of which \$40,000 is payable to FINRA, and required to revise its WSPs. The remaining balance of the fine will be paid to other exchanges in related disciplinary actions. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that, due to various proprietary system flaws and deficiencies, the firm on numerous occasions routed intermarket sweep orders (ISOs) through protected quotations. The findings stated that limitations in the firm's systems also led to a failure to retain market data snapshots from the Securities Information Processor (SIP), which the firm used to make order routing determinations. The firm failed to simultaneously send ISOs to execute against the full displayed size of certain protected quotations, which led to trade-throughs of such protected quotations. The firm's order management system did not send properly coded ISOs to a national securities exchange with a protected quotation.

Consequently, the exchange rejected the ISOs, resulting in the firm trading through these protected quotations. The firm's order management system erroneously applied a customer instruction for a minimum execution quantity to orders routed for execution in "lit" trading venues instead of limiting this instruction to orders routed for execution in "dark" trading venues. Consequently, for certain ISOs, the firm did not, as required by SEC Rule 611, create routes to protected markets displaying quotes with a quantity smaller than the minimum execution quantity specified in the customer instruction. The firm failed to retain the market data snapshots it used to make routing decisions. Specifically, the firm created its market data snapshot and made routing decisions based on the SIP feed. However, the firm did not store this data from the SIP feed; rather, it only stored market data snapshots from the direct market feeds from the exchanges. In general, the market data snapshots from the SIP are identical to the market data snapshots from the direct market feeds; however, in certain circumstances, there can be a discrepancy. Such discrepancies degrade the firm's ability to effectively surveil for and supervise its compliance with SEC Rules 611(a) and (c). The firm's order management did not imbed an ISO indicator with the orders it routed to one of the national securities exchanges. Accordingly, the firm sent non-ISO immediate-or-cancel orders to the exchange instead of ISOs, resulting in the firm trading through protected quotations. As a consequence of the above conduct, the firm failed to establish, maintain and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, were reasonably designed to assure compliance with the terms of the exception. In addition, the firm failed to take reasonable steps to establish that the ISOs it routed met the definitional requirements set forth in SEC Rule 600(b)(30). The firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to SEC Rules 611(a) and (c). Specifically, the firm's supervisory systems were not adequately configured to detect and prevent the systemic issues that caused the aforementioned violations. ([FINRA Case #2015045281404](#))

Stifel, Nicolaus & Company, Incorporated ([CRD #793](#), St. Louis, Missouri)

April 26, 2018 – An AWC was issued in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that a firm registered representative entered orders in the equity shares of a security on behalf of client accounts that he improperly marked as "unsolicited," despite the fact that such orders were solicited, causing the firm's books and records to be inaccurate. The findings stated that the firm programmed its order management system to block the registered representative from entering solicited orders in the security. The restriction was lifted, but the systemic block was not immediately removed. Upon discovering that the systemic block had not been lifted and that the registered representative had been mismarking orders, the firm reprogrammed its order management system and had the registered representative correct the mismarked orders. Thereafter, the firm corrected its books and records. ([FINRA Case #2011027891502](#))

Coastal Equities, Inc. ([CRD #23769](#), Wilmington, Delaware)

April 30, 2018 – An AWC was issued in which the firm was censured, fined \$90,000 and required to pay \$60,244.46, plus interest, in restitution to firm customers. A lower fine was imposed after considering, among other things, the firm’s revenue and financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it bought and/or sold corporate bond securities for its own account from and/or to a customer at an aggregate price (including any markup or markdown) that was not fair and reasonable, taking into consideration all relevant circumstances. The findings stated that the firm’s supervisory system concerning fair pricing of corporate bond securities did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and FINRA rules. The firm’s corporate bond exception report was insufficiently designed as it did not calculate mark-ups/mark-downs in percentage terms, only in absolute dollar values and did not account for trade desk markups/markdowns that were added to registered representative markups/markdowns. Additionally, the firm did not make its corporate bond exception report available to the firm’s corporate debt and municipals principal charged with reviewing the reasonableness of markups/markdowns. Finally, the firm’s corporate debt and municipals principal also acted as the firm’s corporate debt trader, and his conduct in adding trade desk markups/markdowns was not subjected to review. ([FINRA Case #2015044476201](#))

Firms Sanctioned

Allied Millennial Partners, LLC fka E.J. Sterling, LLC ([CRD #16569](#), New York, New York)

April 27, 2018 – An AWC was issued in which the firm was censured and required to pay \$35,000, plus interest, in partial restitution to affected customers. In the interest of maximizing restitution to customers, no fine was imposed after considering, among other things, the firm’s financial resources. Without admitting or denying the findings, the firm consented to the sanctions and to the entry of findings that it failed to establish, maintain and enforce a supervisory system and WSPs reasonably designed to identify and prevent unsuitable excessive trading in customer accounts. The findings stated that according to the firm’s chief compliance officer (CCO), in order to detect potentially unsuitable excessive trading, he reviewed a monthly exception report provided to the firm by its clearing firm. The CCO testified that if he noticed potential excessive trading, he would sometimes send an “activity letter” to the customer advising the customer of the level of trading in his or her account. However, the CCO could not articulate when and under what circumstances he would send an activity letter, and the firm had no procedures or other guidance addressing this issue. The activity letters that the CCO sent asked customers to sign the letters, indicating their understanding of, and consent to, the level of trading in their accounts, and to send them back to the firm. In addition, the activity letters stated that if the customer did not return the signed activity letter to the firm, the firm “may” restrict the account to liquidation transactions. According to the CCO, if the firm did not receive a signed activity

letter from the customer within 30 days, he would restrict the account to liquidation transactions only. FINRA reviewed a sample of 41 accounts for which the firm had sent activity letters to a customer. With respect to 21 of those accounts, the customers failed to return the signed activity letter within 30 days, and in 10 instances, the firm failed to place the account on “liquidation only” status. The findings also stated that although the SEC specifically cited the firm in December 2013 for failing to have adequate written procedures addressing the firm’s supervision of actively traded accounts, the firm did not add any such written procedures until April 2016, more than two years later. At least in part as a result of these supervisory failures, the firm failed to detect excessive trading in certain customer accounts. ([FINRA Case #2015043310801](#))

Individuals Barred

Laura Ortega Shean ([CRD #2628756](#), Medford, Oregon)

April 3, 2018 – An AWC was issued in which Shean was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Shean consented to the sanction and to the entry of findings that she converted approximately \$124,000 in customer funds. The findings stated that Shean made tax payments for her own benefit to the Internal Revenue Service (IRS) by improperly directing the IRS to debit the funds from a customer’s brokerage account. After the misconduct was discovered, the customer was reimbursed in full by having certain of the transfers reversed and by Shean making additional reimbursement. ([FINRA Case #2017056236901](#))

William George Brunner ([CRD #2610348](#), Huntington, New York)

April 6, 2018 – An AWC was issued in which Brunner was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Brunner consented to the sanction and to the entry of findings that he declined to appear for FINRA on-the-record testimony in connection with an ongoing examination into, among other things, possible excessive trading and use of discretion without written authorization in customers’ accounts while he was associated with a FINRA member firm. ([FINRA Case #2017056559401](#))

Domingo Gonzalez ([CRD #6333454](#), Chesapeake, Virginia)

April 9, 2018 – An AWC was issued in which Gonzalez was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Gonzalez consented to the sanction and to the entry of findings that he misused and converted a customer’s funds without her knowledge or authorization. The findings stated that Gonzalez recommended that the customer liquidate an individual retirement account (IRA) held through a third-party entity so that Gonzalez could invest the proceeds in an account at his member firm that he would service. Acting on Gonzalez’s recommendation, the customer liquidated her IRA and received a check in the approximate amount of

\$2,629 made payable to her, which represented the value of the IRA that she liquidated. The customer endorsed the check and gave it to Gonzalez to deposit into her firm account. However, instead of depositing the customer's check, Gonzalez endorsed the check to himself and deposited it into his personal bank account. Gonzalez then used the proceeds from the check to pay for his personal expenses, including credit card bills, dining at restaurants and convenience store purchases. Gonzalez repaid the funds after the customer discovered that her funds were not deposited into her firm account. ([FINRA Case #2017056563301](#))

Scott William Palmer ([CRD #817586](#), Teaneck, New Jersey)

April 10, 2018 – An AWC was issued in which Palmer was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Palmer consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation into potential suitability violations. ([FINRA Case #2016051156901](#))

Kevin James Lee ([CRD #2316331](#), Corvallis, Oregon)

April 11, 2018 – An AWC was issued in which Lee was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lee consented to the sanction and to the entry of findings that he refused to produce information and documents requested by FINRA in connection with an investigation regarding payments received from a customer of his member firm to determine whether Lee engaged in an undisclosed outside business activity or otherwise acted in violation of FINRA rules. ([FINRA Case #2017056157801](#))

Tyler Harris ([CRD #5860060](#), Elkins Park, Pennsylvania)

April 12, 2018 – An AWC was issued in which Harris was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Harris consented to the sanction and to the entry of findings that he failed to produce to FINRA information and documents in connection with its investigation into allegations related to Harris' conduct in his personal bank account, based upon a Uniform Termination Notice for Securities Industry Registration (Form U5) filed on his behalf by his former member firm. ([FINRA Case #2017055416501](#))

Ron Jason Ison ([CRD #2897782](#), Manalapan, New Jersey)

April 13, 2018 – An AWC was issued in which Ison was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Ison consented to the sanction and to the entry of findings that he refused to appear for additional FINRA on-the-record testimony in connection with an investigation into potential unauthorized and unsuitable trading. ([FINRA Case #2017053698501](#))

Steven Pagartanis ([CRD #1958879](#), Setauket, New York)

April 13, 2018 – An AWC was issued in which Pagartanis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Pagartanis consented to the sanction and to the entry of findings that he refused to appear for FINRA on-the-record testimony in connection with an investigation of allegations that he made fraudulent misrepresentation to customers and misappropriated customers' funds. ([FINRA Case #2018057659201](#))

Dallas Richardson York ([CRD #6449560](#), Phoenix, Arizona)

April 16, 2018 – An Offer of Settlement was issued in which York was barred from association with any FINRA member in all capacities. Without admitting or denying the allegations, York consented to the sanction and to the entry of findings that he failed to provide information and documents requested by FINRA in connection with an investigation into the circumstances of his termination from his member firm. The findings stated that the firm filed a Form U5 terminating York's registration and reported that it discharged him after a customer alleged that funds were withdrawn from his bank account without his knowledge or consent, and that a review of the bank records revealed that York debited the customer's account for the purchase of multiple cashier's checks made out to cash, and subsequently cashed those checks. ([FINRA Case #2017056038801](#))

Kristen L. Lewis ([CRD #6577989](#), Marshall, Michigan)

April 23, 2018 – An AWC was issued in which Lewis was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Lewis consented to the sanction and to the entry of findings that she refused to appear for FINRA on-the-record testimony in connection with a Form 4530 submitted by her former member firm reporting that she had been terminated because her conduct was inconsistent with firm standards related to personal bank accounts. ([FINRA Case #2017052926401](#))

Richard Gomez ([CRD #4727721](#), Jackson Heights, New York)

April 30, 2018 – A National Adjudicatory Council (NAC) decision became final in which Gomez was barred from association with any FINRA member in all capacities. The NAC modified the sanctions and findings imposed by the Office of Hearing Officers (OHO) decision. The NAC found that Gomez sold securities away from his member firm without providing the firm prior written notice, recommended securities to investors without a reasonable basis as to the suitability of those securities and fraudulently misrepresented material facts to investors. The findings stated that Gomez participated in private securities transactions outside the scope of his employment with his firm. The firm did not permit its brokers to engage in the private sales of securities, and Gomez clearly denied the firm the vital opportunity to approve or disapprove his selling of securities away from it for compensation. The findings also stated that Gomez had no basis, and certainly not an adequate and reasonable basis, for his belief that his recommendations regarding investments in two companies' securities could be suitable for at least some investors.

Gomez also claimed that he conducted due diligence on one of these companies. Gomez, however, failed to discover significant, adverse public information about the past criminal or fraudulent activities of individuals involved with the company that would have caused any reasonable securities industry professional to question the company's legitimacy and the authenticity of purported "escrow services" of the company before he recommended the securities. Gomez's investigation of the other company was similarly flawed. Gomez primarily relied on information provided to him by the company's founder and other registered representatives who were associates of his. The findings also included that Gomez made material misrepresentations during the offer and sale of the companies' securities. Gomez failed to make necessary investigations, ignored obvious risks and made his recommendations based primarily on the statements of others, and therefore acted recklessly and with scienter. Gomez's conduct was an extreme departure from the standard of care for a meaningful investigation, such that he must have been aware that he was putting investors in danger. As a result of his conduct, the NAC, reversing a Hearing Panel's finding to the contrary, found that Gomez violated Section 10(b) of the Exchange Act and Rule 10b-5, and FINRA Rule 2020. The NAC imposed a bar for each of the violations in which it found Gomez engaged. ([FINRA Case #2011030293503](#))

Vincent Santoro ([CRD #3006826](#), Lake Mary, Florida)

April 30, 2018 – An AWC was issued in which Santoro was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Santoro consented to the sanction and to the entry of findings that that he refused to appear for FINRA on-the-record testimony in connection with an investigation into allegations regarding his involvement in private securities transactions and/or outside business activities. ([FINRA Case #2018056843801](#))

Craig Eugene Walker ([CRD #5427440](#), Madison, Mississippi)

April 30, 2018 – An AWC was issued in which Walker was barred from association with any FINRA member in all capacities. Without admitting or denying the findings, Walker consented to the sanction and to the entry of findings that he submitted to an insurance company affiliated with his member firm an unauthorized application for a \$150,000 fixed annuity, purportedly on behalf of an individual. The findings stated that the individual had, at that time, a brokerage account at a broker-dealer that was not affiliated with Walker's firm. Walker electronically affixed the individual's signature on the application. In connection with that application, Walker caused to be submitted to the individual's broker-dealer written instructions to liquidate and transfer the individual's brokerage account to fund the annuity (the rollover form). Additionally, he submitted to the insurance company a disclosure form regarding replacement of life insurance or annuities (the disclosure form). Walker electronically affixed the individual's signature on the rollover form and the individual's signature and initials on the disclosure form. The individual did not authorize the purchase of an annuity, or the liquidation or transfer of her brokerage account. Furthermore, the individual did not know about or approve the forms in question

or Walker's signing of their name or initials. As the designated producer on the annuity application, Walker expected to receive compensation in connection with the annuity transaction. The individual's brokerage account was not liquidated or transferred and no annuity was issued because the broker-dealer that maintained the brokerage account requested additional documentation and the individual, upon learning of the attempt to liquidate the brokerage account, complained. ([FINRA Case #2017053798602](#))

Individuals Suspended

Jeffery Allen Fanning ([CRD #1566859](#), Cheyenne, Wyoming)

April 2, 2018 – An Offer of Settlement was issued in which Fanning was fined \$20,000, suspended from association with any FINRA member in all capacities for six months and immediately following, suspended from association with any FINRA member in any principal capacity for 12 months. Without admitting or denying the allegations, Fanning consented to the sanctions and to the entry of findings that he failed to reasonably supervise the equity trading of registered representatives at his member firm for potentially excessive trading. The findings stated that even where Fanning's reviews of customer account activity identified potentially excessive trading, he frequently failed to reasonably address that activity. Fanning also failed to establish and maintain a system to supervise his firm's associated persons that was reasonably designed to identify and respond to potentially excessive trading. Fanning developed the firm's WSPs pertaining to reviews for potentially excessive trading, but failed to ensure they stated how he would identify excessive trading during those reviews, or how often he would conduct those reviews. In addition, Fanning failed to ensure that the WSPs reasonably outlined the steps the firm should take if his reviews identified potentially excessive trading. Fanning failed to reasonably carry out his supervisory responsibilities relating to the equity trading of firm representatives, including failing to perform supervisory review with any regularity, and when his review did identify potentially excessive trading activity, he failed to follow up on that activity effectively. The findings also stated that Fanning signed letters addressed to the United States Citizenship and Immigration Service that misrepresented the nature of two representatives' employment with the firm. Fanning knew at the time he signed the letters that the job descriptions in the letters did not accurately reflect the jobs the representatives were actually performing for the firm.

The suspension in all capacities is in effect from April 2, 2018, through October 1, 2018. The suspension in any principal capacity will be in effect from October 2, 2018, through October 1, 2019. ([FINRA Case #2015043246401](#))

Richard Hunt Crockett ([CRD #1209667](#), Huntington, New York)

April 3, 2018 – An AWC was issued in which Crockett was fined \$5,000 and suspended from association with any FINRA member in any principal capacity for two months. Without admitting or denying the findings, Crockett consented to the sanctions and to the entry

of findings that he failed to reasonably supervise the private securities transactions of his member firm's registered representatives. The findings stated that Crockett was responsible for reviewing and approving the outside business activities and private securities transactions of his firm's registered representatives. Crockett approved certain of the firm's brokers' outside business activities with an investment holding company. Certain of the firm's brokers, through the investment holding company, offered and sold more than \$8 million in promissory notes in the investment holding company and in a fund marketed by that company involving real-estate investments in Belize. The brokers that sold the promissory notes were compensated directly by the investment holding company. Crockett approved the brokers' private securities transactions, but failed to reasonably supervise those transactions. In particular, Crockett did not perform due diligence on the investment holding company and in the marketed fund's offerings. Instead, Crockett relied on a registered representative at his firm to perform due diligence on the offerings. The registered representative, however, was a principal of the investment holding company and was therefore not in a position to independently review the merits of the offerings.

The suspension is in effect from May 7, 2018, through July 6, 2018. ([FINRA Case #2017053992302](#))

Bret Lee Niemuth ([CRD #2356735](#), Cedar Rapids, Iowa)

April 3, 2018 – An AWC was issued in which Niemuth was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for eight months. Without admitting or denying the findings, Niemuth consented to the sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose that he was charged with two felonies and pled guilty to a felony involving the operation of a motor vehicle while intoxicated. The findings stated that Niemuth knew that he was required to amend his Form U4 to disclose his felony charges and conviction. As a result, Niemuth continued to be associated with his member firm for a total of approximately three years and eight months while he was subject to statutory disqualification.

The suspension is in effect from April 16, 2018, through December 15, 2018. ([FINRA Case #2016051985001](#))

Thomas W. Hinson ([CRD #6619220](#), Cardiff, California)

April 5, 2018 – An AWC was issued in which Hinson was suspended from association with any FINRA member in all capacities for five months. In light of Hinson's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Hinson consented to the sanction and to the entry of findings that he willfully failed to disclose two state regulatory actions against him on his Form U4.

The suspension is in effect from April 16, 2018, through September 15, 2018. ([FINRA Case #2017054651901](#))

Brent Van Lott ([CRD #1559744](#), Orem, Utah)

April 9, 2018 – An Offer of Settlement was issued in which Lott was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the allegations, Lott consented to the sanctions and to the entry of findings that he knowingly and substantially aided and abetted an individual in engaging in the recommendation and sale of securities at a time when the individual was not registered with FINRA, not associated with any FINRA member firm and not registered with the state of Utah, where both the individual and the customers resided. The findings stated that for three investors who were not yet Lott's member firm's customers, the individual submitted to an insurance company requests to exchange variable annuities for fixed indexed annuities issued by the company. The company rejected his request because he was not registered with FINRA at the time, which was necessary under Utah law to sell or make a recommendation to terminate a variable annuity contract. At the individual's request, Lott agreed to serve as the registered representative of record for the variable annuities and to split with the individual the commissions paid by an insurance company, even though Lott knew that the individual was not registered. Instead of directly paying the individual his share of the commissions, Lott paid the individual's wife, in an effort to conceal his activity. Lott repeatedly facilitated the individual's efforts to continue acting as a securities broker, despite the individual's unregistered status, by effecting variable annuity exchanges and mutual fund sales that the individual recommended to customers to fund fixed indexed annuity purchases. Lott's scheme ended after the SEC charged the individual with operating a \$4 million Ponzi scheme. The findings also stated that in order to effect the transactions, Lott falsely certified to his firm on suitability forms for different customers that he had discussed the benefits and costs of the transactions with the customers identified on the forms. By doing so, Lott caused his firm to maintain false books and records. The findings also included that Lott made false statements on forms he submitted to the insurance company. Lott made these false statements and submitted these false documents in order to conceal the individual's role in the transactions.

The suspension is in effect from April 16, 2018, through August 15, 2018. ([FINRA Case #2013038124102](#))

Philip Marcus Winstead ([CRD #2331690](#), Cary, North Carolina)

April 9, 2018 – An AWC was issued in which Winstead was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for two months. Without admitting or denying the findings, Winstead consented to the sanctions and to the entry of findings that he failed to provide written notice to his member firm of his outside business activities involving a firm customer, and that he received monthly compensation from the customer for his services. The findings stated that Winstead acted as an agent under a written power of attorney for the customer and received monthly compensation from the customer for his services averaging between \$4,000 and \$8,000.

Winstead also provided inaccurate responses on annual firm compliance questionnaires by reporting that he had provided the firm with written notice of all outside business activities.

The suspension is in effect from April 16, 2018, through June 15, 2018. ([FINRA Case #2017053310201](#))

David W. Ingle ([CRD #6194469](#), Chandler, Arizona)

April 10, 2018 – An AWC was issued in which Ingle was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Ingle consented to the sanctions and to the entry of findings that he created and distributed two proof of funds letters that contained misleading statements. The findings stated that on behalf of a prospective client of his member firm and a client of the firm's bank affiliate, Ingle drafted and issued a proof of funds letter on firm letterhead stating that a business linked to the prospective client had the financial capacity to consummate a \$278 million real estate purchase with no financing. Although Ingle had reason to believe the prospective client had the financial capacity to consummate the real estate deal, the letter was misleading because the prospective client held no funds or securities at the firm at the time Ingle drafted the letter. The findings also stated that Ingle drafted and issued another proof of funds letter on firm letterhead stating that a firm client had in excess of \$57 million in cash at the firm or its affiliate bank. Although Ingle was familiar with the client's financial capacity and believed the client had the financial capacity to consummate the anticipated transaction, this letter was misleading because the client did not actually have the cash or securities at the firm or its affiliate bank at the time Ingle drafted the letter. Contrary to the firm's policies, Ingle did not submit either letter for review prior to sending. In each case, the transaction contemplated by the proof of funds letter did not materialize.

The suspension is in effect from April 16, 2018, through October 15, 2019. ([FINRA Case #2016049110501](#))

Wolf Alexander Popper ([CRD #365826](#), New York, New York)

April 10, 2018 – An AWC was issued in which Popper was fined \$5,000 and suspended from association with any FINRA member in all capacities for 30 days. Without admitting or denying the findings, Popper consented to the sanctions and to the entry of findings that he made and sent to prospective customers numerous retail communications concerning an investment strategy that he had developed involving the purchase of variable annuities, which violated FINRA's rules governing member communications in various respects. The findings stated that pursuant to this investment strategy, Popper recommended that the customer withdraw money from the equity in his or her home, either by obtaining a second mortgage or through a refinancing, and then use the proceeds to purchase a specific variable annuity and policy riders to provide both immediate income and guaranteed future

minimum income levels. While the strategy Popper recommended in the variable annuity communications had no up-front charges, both the variable annuity and the riders would result in fees being charged to the customer, which would be deducted during the life of the investment. As described by Popper, customers who pursued this strategy could use the income from the variable annuity to pay the second or refinanced mortgage and reap the benefit of the additional income generated by the variable annuity. The findings also stated that the retail communications concerning this investment strategy made by Popper did not make clear that the product being recommended was a variable annuity; described the investment strategy as being “no cost,” when, in fact, the purchase of both the variable annuity and the riders included fees; stated that the strategy would provide “guaranteed” income without disclosing the risks associated with variable annuities; did not describe the risks of using the proceeds from a home mortgage for investment purposes; and compared the strategy to a 401(k) or IRA without disclosing the material differences between variable annuity investments and investing in a 401(k) or IRA. The findings also included that the communications violated the full-disclosure requirement and prohibition on misleading statements contained in FINRA’s advertising rules. The communications did not result in any sales of variable annuities or generate commissions for Popper.

The suspension was in effect from May 7, 2018, through June 5, 2018. ([FINRA Case #2015043369502](#))

Mason Wayne Gann ([CRD #4030936](#), Dallas, Texas)

April 11, 2018 – An AWC was issued in which Gann was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 20 business days. Without admitting or denying the findings, Gann consented to the sanctions and to the entry of findings that he exercised discretion in customers’ accounts without obtaining prior written authorization from the customers or prior written approval from his member firm. The findings stated that the customers verbally approved of Gann’s use of discretion to buy and sell securities in their accounts, but did not provide written authorization to do so. The firm generally prohibited its representatives from using discretion in brokerage accounts and did not approve Gann to use discretion on behalf of any customer. Despite not having the necessary written authorizations or firm approval, Gann used his discretion to make approximately 500 trades in the affected customers’ accounts.

The suspension was in effect from April 16, 2018, through May 11, 2018. ([FINRA Case #2015043584401](#))

Julie Rae Steinbauer ([CRD #6753791](#), Winter Park, Florida)

April 11, 2018 – An AWC was issued in which Steinbauer was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Steinbauer consented to the sanctions and to the entry of findings that she possessed a prohibited device while taking the Series

7 examination. The findings stated that prior to beginning the examination, Steinbauer attested that she had read and would abide by the FINRA Test Center Rules of Conduct, which prohibit the use or possession of certain items, including, among other things, electronic devices, in the examination room or during unscheduled restroom breaks. During the test session, Steinbauer possessed and had access to her cellular phone, which is prohibited by the FINRA Test Center Rules of Conduct.

The suspension is in effect from April 16, 2018, through October 15, 2019. ([FINRA Case #2017056134501](#))

Jonathan Russell Belden ([CRD #5955909](#), Walnut Creek, California)

April 12, 2018 – An AWC was issued in which Belden was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for 60 days. Without admitting or denying the findings, Belden consented to the sanctions and to the entry of findings that he effected securities transactions in customers' accounts, pursuant to their verbal discretionary authority. However, he did not obtain written discretionary authority from the customers or his member firm's acceptance of the accounts as discretionary. The findings stated that Belden mismarked order tickets for trades as unsolicited when, in fact, he solicited the trades. Belden thus caused his firm to maintain inaccurate books and records. Belden engaged in this conduct to facilitate transactions in a security on the firm's restricted list. Because the firm's electronic order system did not allow solicited orders in securities on the restricted list to be processed absent further firm review, Belden mismarked the orders as unsolicited.

The suspension was in effect from April 16, 2018, through June 14, 2018. ([FINRA Case #2017055000501](#))

Mina Alfred Mishrikey ([CRD #4260170](#), Philadelphia, Pennsylvania)

April 12, 2018 – An AWC was issued in which Mishrikey was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Mishrikey consented to the sanctions and to the entry of findings that he engaged in an outside business activity with a medical marijuana company as a director of the company, even though his member firm denied his request to participate. The findings stated that Mishrikey acquired an equity interest in the company, and thus had a reasonable expectation of future compensation from the company's anticipated business activities. When confronted by the firm, Mishrikey initially denied that he was still involved with the company.

The suspension is in effect from April 16, 2018, through July 15, 2018. ([FINRA Case #2017055313401](#))

Peter Alan Svigel Jr. ([CRD #6628556](#), Willoughby, Ohio)

April 12, 2018 – An AWC was issued in which Svigel was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for 18 months. Without admitting or denying the findings, Svigel consented to the sanctions and to the entry of findings that during a test session for the Series 7 licensing examination, he possessed and had access to notes and study materials related to the subject matter of the licensing examination. The findings stated that prior to beginning the examination, Svigel attested that he had read and would abide by the FINRA Test Center Rules of Conduct, which prohibit the use or possession of certain items in the examination room or during a restroom break, and required all such materials to be stored in a locker.

The suspension is in effect from April 16, 2018, through October 15, 2019. ([FINRA Case #2018057088101](#))

Richard Anthony McCollam ([CRD #1419048](#), Lafayette, California)

April 16, 2018 – An OHO decision became final in which McCollam was fined \$10,000 and suspended from association with any FINRA member in all capacities for nine months. McCollam initially appealed the decision to the NAC but later withdrew the appeal, and the NAC determined not to call this matter for review. The sanctions were based on findings that McCollam willfully failed to timely disclose two customer arbitrations and six written customer complaints on a Form U4. FINRA failed to prove by a preponderance of the evidence that McCollam had notice of another customer complaint before he filed the Form U4. Therefore, the Hearing Panel declined to find that McCollam should have disclosed it on the Form U4 he filed.

The suspension is in effect from May 7, 2018, through February 7, 2019. ([FINRA Case #2012035284301](#))

John Scot Galinsky ([CRD #1513926](#), Lemont, Illinois)

April 17, 2018 – An AWC was issued in which Galinsky was fined \$7,500 and suspended from association with any FINRA member in all capacities for 10 business days. Without admitting or denying the findings, Galinsky consented to the sanctions and to the entry of findings that he sent emails to prospective and current investors that were not fair and balanced and did not provide a sound basis for evaluating the facts regarding a company involved in a private securities offering or the offering itself. The findings stated that on two occasions, Galinsky forwarded an email to a customer, which removed references to a patent infringement lawsuit that had recently been filed against the company involved in the offering. By doing so, Galinsky caused his email to be misleading, in that it appeared to forward the entire email that he had received when, in fact, it did not.

The suspension was in effect from May 21, 2018, through June 4, 2018. ([FINRA Case #2013037298901](#))

Arthur Robert Meunier aka Arthur Robert Breitman aka Arthur Robert Meunier-Breitman (CRD #5726300, Montrouge, France)

April 18, 2018 – An AWC was issued in which Meunier was assessed a deferred fine of \$20,000 and suspended from association with any FINRA member in all capacities for two years. Without admitting or denying the findings, Meunier consented to the sanctions and to the entry of findings that he engaged in an outside business activity involving blockchain technology without providing prior notice to his member firm. The findings stated that Meunier’s firm’s WSPs required that all firm employees request and receive approval from the firm prior to engaging in any outside business activity, and required firm employees to ensure that the information regarding their outside business activities remained current and accurate and to report any material changes to the firm. Meunier began developing the blockchain technology and network originally intended for use in connection with certain over-the-counter securities transactions in February 2014. Meunier invested approximately \$80,000 of his own funds into developing the technology, launched a website and Twitter account, assembled a team of advisors and published two position papers describing the blockchain technology and its application as a self-amending crypto-ledger. Meunier published his website, Twitter feed and position papers under the name “L.M. Goodman”, and used email addresses associated with L.M. Goodman for his blockchain technology-related correspondence. In 2015, Meunier continued his blockchain technology-related business activities, retaining a chief operating officer (COO), developing a business plan and valuation and presenting the business plan to 12 prospective individual and institutional investors, including four clients of his firm. The business plan described Meunier as the blockchain technology’s chief executive officer (CEO) and his experience in the securities industry. The business plan sought to raise \$5 to \$10 million in working capital and described how the technology would use the funds to finance its business operations, which included Meunier’s proposed salary of approximately \$200,000 per year. Meunier also formed a corporation, serving as its sole director and owner. Although Meunier knew he was required to disclose any outside business activity, he did not tell the firm about his blockchain technology-related activities. Outside of his meetings with prospective investors, Meunier only publicly associated himself with the blockchain technology after his employment with the firm ended. As a result, his use of the L.M. Goodman pseudonym to promote the technology effectively concealed Meunier’s involvement with the blockchain technology from the firm. The findings also stated that Meunier falsely attested on two firm questionnaires that he had disclosed all of his outside business activities. The findings also included that the business plan Meunier created and distributed to prospective investors failed to provide a balanced presentation and sound basis for evaluating an investment in the technology. Although the business plan described its revenue assumptions as “pessimistic,” “neutral” and “optimistic,” it did not discuss all of the circumstances in which the technology might not realize the projected revenues and/or future value, and failed to balance its positive discussions about the company with adequate risk disclosures that explained the speculative nature of the proposed investment. The business plan also contained forward-looking predictions of the

company's performance that were potentially misleading since, at that time, the blockchain technology was still in development, had no revenues and its future performance was conditioned on, among other things, building a portfolio of users and raising working capital.

The suspension is in effect from May 7, 2018, through May 6, 2020. ([FINRA Case #2017056612801](#))

Dung Thanh Nguyen ([CRD #4934343](#), Pearland, Texas)

April 18, 2018 – An AWC was issued in which Nguyen was suspended from association with any FINRA member in all capacities for two months. In light of Nguyen's financial status, no monetary sanction has been imposed. Without admitting or denying the findings, Nguyen consented to the sanction and to the entry of findings that he became affiliated as a minority general partner and received compensation of approximately \$10,000 for consulting work from an SEC registered investment advisor (IA), without obtaining prior written approval from his member firm. The findings stated that Nguyen reviewed potential investments identified by the IA's advisors to help determine their viability. Nguyen's service with the IA was outside of the scope of Nguyen's relationship with his firm. The firm required that its registered representatives provide written notice, and receive written approval, prior to engaging in outside business activities. Nguyen had previously been warned by the firm for his failure to obtain prior approval to engage in a different outside business activity.

The suspension is in effect from May 7, 2018, through July 6, 2018. ([FINRA Case #2016050536901](#))

Walter Warren Parker ([CRD #2131232](#), Wylie, Texas)

April 18, 2018 – An AWC was issued in which Parker was fined \$7,500 and suspended from association with any FINRA member in all capacities for one month. Without admitting or denying the findings, Parker consented to the sanctions and to the entry of findings that he made investment recommendations to a customer that were not suitable given her age, risk tolerance, financial experience and liquidity. The findings stated that the customer had little prior experience investing and no experience investing in alternative investments. Immediately upon opening her account, Parker recommended that the customer invest her funds into illiquid, alternative investments. The source of these funds was the customer's retirement account. The customer suffered significant losses in the alternative investments. She claimed that, as a result of her investment losses, she was forced to obtain full-time employment. The customer later entered into a settlement with Parker's member firm and Parker to compensate her for her losses in the accounts.

The suspension is in effect from May 21, 2018, through June 20, 2018. ([FINRA Case #2016050492101](#))

Denise Marie DeBlasio ([CRD #1051236](#), Toms River, New Jersey)

April 20, 2018 – An AWC was issued in which DeBlasio was assessed a deferred fine of \$10,000 and suspended from association with any FINRA member in all capacities for four months. Without admitting or denying the findings, DeBlasio consented to the sanctions and to the entry of findings that she did not disclose to her member firm her fiduciary appointments for its customer, which occurred prior to her association with the firm, and provided inaccurate and misleading answers in response to inquiries from the firm regarding these appointments. The findings stated that DeBlasio was appointed as the power of attorney, health care representative, executor and beneficiary for the customer and she was the registered representative assigned to the customer's account. The firm's WSPs prohibited its registered representatives from acting in a fiduciary capacity for any customer, other than a relative, and explained that acting in a fiduciary capacity for a customer other than an immediate family member, such as a parent, spouse or child, may create insurmountable conflicts of interest. Prior to associating with the firm, DeBlasio completed an application for association. Although the application for association required DeBlasio to identify, among other things, whether she was named as trustee or executor for any account on which she would be the registered representative of record, she did not disclose the appointments.

The suspension is in effect from May 7, 2018, through September 6, 2018. ([FINRA Case #2016051244301](#))

Stephen Johnathan Hoshimi ([CRD #1977772](#), Newport Beach, California)

April 20, 2018 – An AWC was issued in which Hoshimi was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Hoshimi consented to the sanctions and to the entry of findings that he engaged in an outside business activity without providing prompt written notice to his member firm. The findings stated that Hoshimi launched a website for "The Hoshimi Group" that he used to market services to registered investment advisers. This website, which constituted an outside business activity, advertised that Hoshimi was capable of bringing insurance solutions to insurance professionals. Hoshimi did not disclose this outside business activity to the firm until after he was asked to provide an explanation of the outside business activity during a FINRA examination. Hoshimi had previously reported an outside business activity for his fixed insurance business and had mistakenly assumed that The Hoshimi Group did not need to be reported as a result.

The suspension is in effect from May 7, 2018, through August 6, 2018. ([FINRA Case #2016050828902](#))

Kenneth Joseph Mathieson ([CRD #1730324](#), Franklin Lakes, New Jersey)

April 23, 2018 – In a final NAC decision, Mathieson was fined \$50,000 and suspended from association with any FINRA member in all capacities for six months. The NAC affirmed the OHO’s findings of violation and the \$50,000 fine, but reduced his suspension from one year to six months. The sanctions were based on findings that Mathieson participated in private securities transactions and engaged in outside business activities without prior written notice to, and permission from, his member firm. The findings stated that after Mathieson disclosed his initial private securities investment, he made multiple subsequent purchases of the company’s stock without the required disclosures. Mathieson also participated in private placements of the company’s securities, as well as its reverse merger transaction, but Mathieson also failed to provide the requisite written notice of his outside business-related activities with the company to his firm prior to commencing his activities. Mathieson sought approval only after working with the company for several months, and after his request for permission to join the company’s board was denied, Mathieson disregarded his firm’s directive to discontinue all company-related activities and continued working with the company for more than a year thereafter. The findings also stated that on a firm compliance questionnaire, Mathieson falsely stated that he was not participating in any outside business activities. Shortly after questioning Mathieson about his involvement, he was suspended and then terminated from the firm.

The suspension is in effect from May 21, 2018, through November 21, 2018. ([FINRA Case #2014040876001](#))

Ahmed Ghassan Gheith ([CRD #5783951](#), Brooklyn, New York)

April 24, 2018 – An AWC was issued in which Gheith was assessed a deferred fine of \$10,000, suspended from association with any FINRA member in all capacities for 12 months and ordered to pay deferred disgorgement of \$31,055, plus interest. In light of Gheith’s financial status, the amount of disgorgement was reduced. Without admitting or denying the findings, Gheith consented to the sanctions and to the entry of findings that he received compensation for his participation in private securities transactions without providing notice or receiving approval from his member firm. The findings stated that Gheith’s firm hired him to work with two other registered representatives. The two registered representatives informed Gheith about a private offering related to a real estate development in Belize. The investment was described as a short-term note meant to raise money for the development of an airport (the private offering). The two registered representatives told Gheith to refer to them any customers that he believed might be interested in making such an investment. Gheith knew the private offering was not an approved securities product being offered by the firm, and would constitute “selling away” from the firm. For this reason, initially, Gheith was reluctant to refer customers to the registered representatives to invest. The findings also stated that after repeated requests from the registered representatives, Gheith contacted two firm customers and then two more customers. Gheith’s communications with these four customers included a

description of the private offering and soliciting an agreement to speak with the registered representatives about investing in the offering. The four customers invested a total of \$3.5 million in the private offering. Gheith was paid \$93,165 for his role in soliciting and referring the customers to the two registered representatives.

The suspension is in effect from May 7, 2018, through May 6, 2019. ([FINRA Case #2016052540603](#))

Kevin Stephen Fitzpatrick ([CRD #1447182](#), Sugar Grove, Illinois)

April 26, 2018 – An AWC was issued in which Fitzpatrick was censured, fined \$5,000 and suspended from association with any FINRA member in all capacities for 15 days. Without admitting or denying the findings, Fitzpatrick consented to the sanctions and to the entry of findings that he entered orders in the equity shares of a security on behalf of client accounts that he improperly marked as “unsolicited” despite the fact that such orders were solicited, causing his member firm’s books and records to be inaccurate. The findings stated that this was due, in part, to the fact that Fitzpatrick was restricted from soliciting orders in the security due to his involvement in a prospective investment banking relationship with the security. Accordingly, the firm programmed its order management system to block Fitzpatrick from entering solicited orders in the security. The restriction was lifted, but the systemic block was not immediately removed. As a result, Fitzpatrick marked all orders in the security as “unsolicited.” Upon discovering that the systemic block had not been lifted, the firm reprogrammed its order management system and had Fitzpatrick correct the mismarked orders.

The suspension was in effect from May 7, 2018, through May 21, 2018. ([FINRA Case #2011027891501](#))

Richard Kyle Taylor ([CRD #6337544](#), Jacksonville, Texas)

April 26, 2018 – An AWC was issued in which Taylor was assessed a deferred fine of \$5,000 and suspended from association with any FINRA member in all capacities for three months. Without admitting or denying the findings, Taylor consented to the sanctions and to the entry of findings that he worked as the COO for two companies, earned an annual salary of \$75,000 for his work as COO, and failed to provide his member firm with prior written notice of his work for the companies.

The suspension is in effect from May 7, 2018, through August 6, 2018. ([FINRA Case #2016049902901](#))

Don Wade Traywick ([CRD #2410109](#), San Clemente, California)

April 26, 2018 – An AWC was issued in which Traywick was fined \$5,000, suspended from association with any FINRA member in all capacities for three months and ordered to pay \$10,000, plus interest, in disgorgement of a portion of commissions received. Without admitting or denying the findings, Traywick consented to the sanctions and to the entry

of findings that he recommended and effected unsuitable short-term switches of Class A mutual fund shares in a customer's accounts. The findings stated that Traywick's recommendations resulted in the customer paying unnecessary front-end sales loads with each new recommended purchase. The customer incurred losses of \$5,113. Traywick's member firm compensated the customer for the losses. Traywick did not have a reasonable basis to believe that the recommended mutual fund transactions were suitable for the customer.

The suspension is in effect from May 21, 2018, through August 20, 2018. ([FINRA Case #2014038990601](#))

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

Frederick David Holloway ([CRD #248814](#), Easton, Maryland)

April 2, 2018 – Holloway was named a respondent in a FINRA complaint alleging that Holloway, the sole registered representative and owner of his member firm, recommended that customers exchange one deferred variable annuity for another without having a reasonable basis for the recommendations. The complaint alleges that Holloway failed to conduct a meaningful comparative analysis of the costs, features and benefits of the surrendered and newly acquired variable annuities. In addition, Holloway placed clients whose variable annuity exchanges incurred a surrender charge into a more expensive variable annuity with a "bonus feature" without considering whether the variable annuity with the bonus feature was suitable. The complaint also alleges that Holloway falsified or inappropriately altered variable annuity transaction paperwork. Holloway had clients sign uncompleted paperwork that he and his assistant filled in later and/or photocopied for use in other transactions. Holloway also forged, or directed his assistant to forge, client initials to make changes to paperwork. In addition, by modifying the pre-signed forms and forging initials on documents, Holloway caused his firm to create and maintain inaccurate books and records. The complaint further alleges that Holloway directed his assistant to impersonate clients and employees of an insurance company in telephone conversations regarding variable annuity transactions. Holloway himself pretended to be an insurance company employee to obtain information from his clients' medical providers in connection with life insurance sales. In addition, the complaint alleges that Holloway directed his assistant to complete insurance continuing education classes for him so that he could meet his Maryland insurance licensing requirement. Holloway was able to retain his state

insurance license and sell variable annuities because his assistant completed continuing education courses. Moreover, the complaint alleges that Holloway filed a Uniform Application for Investment Adviser Registration (Form ADV) in which he willfully made false statements, creating the false appearance that he maintained an active business of providing financial planning services. Furthermore, the complaint alleges that Holloway deliberately withheld most of the documents requested by FINRA until it learned of their existence and confronted Holloway about them. Holloway altered the documents before they were produced to FINRA. ([FINRA Case #2016050025401](#))

David Jonathan Bolton ([CRD #5038018](#), Bowling Green, Kentucky)

April 12, 2018 – Bolton was named a respondent in a FINRA complaint alleging that he engaged in a pattern of short-term mutual fund trading in two customers' accounts, collectively executing over 60 unsuitable short-term trades in Class A mutual funds in their accounts. The complaint alleges that Bolton executed these trades without having reasonable grounds for believing that these trades were suitable in light of the nature and frequency of the transactions. The trades were inconsistent with the long-term nature of Class A shares as well as the customers' investment objectives of growth with moderate risk. Bolton understood that Class A shares are long-term investments, yet Bolton repeatedly engaged in short-term trading of Class A shares in the customers' accounts. Moreover, the funds that Bolton recommended all had similar investment objectives and projected returns. In addition, Bolton's recommendation to invest \$731,265 in Class A shares of 42 funds in 11 different fund families was unsuitable for one customer because the strategy generated higher sales charges than a similar investment across fewer fund families. The customers incurred at least \$24,747 in unnecessary sales charges based on Bolton's unsuitable recommendations. The complaint also alleges that Bolton provided false information to his member firm regarding the purchases and sales in a customer's traditional IRA account. Bolton falsely marked, or caused others to falsely mark, 104 of the transactions in the customer's IRA as "unsolicited." Bolton knew the transactions were solicited. Additionally, Bolton provided false information to his firm regarding every transaction in the other customer's account. Bolton falsely marked, or caused others to falsely mark, 26 transactions in the customer's account as "unsolicited" when he knew that these transactions were solicited. Based on Bolton's conduct, he caused his firm's books and records to be inaccurate. The complaint further alleges that upon resigning from his firm, Bolton did not return customer documents such as mutual fund switch letters to the firm as required. In fact, when Bolton was preparing to leave his next member firm in early 2016, he destroyed all of his client files. As a result of Bolton's failure to return his customers' files and his subsequent destruction of those records, Bolton's former firm failed to preserve any suitability documentation or mutual fund switch forms for Bolton's customers. Bolton caused the firm to fail to preserve records relating to communications concerning the firm's business. Because Bolton did not return customer files as required, he caused his firm to fail to preserve its books and records as required. ([FINRA Case #2016049775701](#))

Charles Acheson Lavery ([CRD #4875386](#), Newport Beach, California)

April 25, 2018 – Lavery was named a respondent in a FINRA complaint alleging that during consecutive associations with several member firms, he borrowed \$1,350,000 from an elderly married couple in violation of each firm’s policies. The complaint alleges that Lavery concealed the loans from his firms and falsely stated on annual compliance questionnaires and on a heightened supervision attestation that he had not borrowed money from customers. In addition, Lavery executed a \$1.4 million promissory note for the loans that the elderly couple had extended to him, and quickly breached the agreement by making none of the required monthly payments. The elderly couple filed a Statement of Claim against Lavery and the firms through which he registered. One of the firms filed a Form U5 Amendment disclosing the Statement of Claim and informing FINRA, for the first time, that Lavery had improperly solicited and accepted loans from the elderly couple. Neither of these elderly customers lived to see their claims resolved. Days before a scheduled arbitration, the elderly couple, through their successor in interest, settled their claim against Lavery. Soon thereafter, Lavery breached his obligations under the settlement by failing to make a required payment. FINRA suspended Lavery for failure to comply with the settlement. The complaint also alleges that Lavery concealed the loans from FINRA and provided false on-the-record testimony during a previous FINRA investigation into his borrowing activity. The complaint further alleges that Lavery willfully failed to disclose an unsatisfied judgment entered in a Security Bank of California lawsuit and a federal tax lien on his Form U4. ([FINRA Case #2016050205901](#))

Matthew Evan Eckstein ([CRD #2997245](#), Syosset, New York)

April 27, 2018 – Eckstein was named a respondent in a FINRA complaint alleging that he sold over \$1.3 million of “investments” that were neither described in any written materials nor memorialized in a note or other agreement. The complaint alleges that these undocumented investments appear to have been part of a spurious investment scheme run by a close friend of Eckstein. Having done no due diligence on the issuer, Eckstein nevertheless recommended that at least four customers—including elderly, conservative investors—invest based on repayment terms, including maturity dates and interest payments, which he orally provided to them. Eckstein recommended that the customers make investments in the issuer without disclosing to them that he did not have a reasonable basis for making such recommendations and that he knew, or was reckless in not knowing, that the issuer lacked the ability to repay its obligations to these investors. In the course of making these recommendations, Eckstein made material misrepresentations and omissions to customers. Eckstein also failed to inform investors that he had signature authority on the bank account of an affiliate of the issuer that was receiving investor funds—in other words, that he could access the funds the investors were purportedly investing. Eckstein further failed to disclose that he had received over \$100,000 from his long-time friend and CEO of the issuer. Eckstein’s misrepresentations and omissions were material, because a reasonable investor would consider them important in making investment decisions because they significantly altered the total mix of information

available to the customers, and because they denied them the opportunity to make an informed decision about whether to invest in the issuer. As a result of his conduct, Eckstein willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and violated FINRA Rule 2020. The complaint also alleges that Eckstein's recommendations were unsuitable because Eckstein, among other things, lacked a reasonable basis to believe the investments were suitable for any investor and did not understand the potential risks and rewards inherent in the recommendation. The complaint further alleges that prior to forming his own shop in September 2015, Eckstein participated in private securities transactions when the customers invested in the issuer. Each of the transactions was done away from Eckstein's member firm and was outside the regular course or scope of his employment with the firm. Eckstein failed to seek written authorization from, or provide written notice to, the firm prior to participating in the transactions. The firm's WSPs prohibited "selling away." In addition, the complaint alleges that Eckstein caused a different member firm to violate Rule 17a-4 of the Exchange Act and FINRA Rules 2010 and 4511 by failing to preserve customer emails, text messages, facsimiles and account summaries he created for and sent to individuals. Furthermore, the complaint alleges that after FINRA commenced its investigation, Eckstein failed to respond to requests for documents and information and in other instances, failed to completely or timely respond. ([FINRA Case #2017054146302](#))

J. Gordon Cloutier Jr. ([CRD #2817022](#), Allen, Texas)

April 30, 2018 – Cloutier was named a respondent in a FINRA complaint alleging that he failed to appear and provide FINRA testimony in connection with its review of allegations reported on a Form U5 filed by his member firm because he "asked a client for a personal loan" and "also did not confirm authorization the same day with this client before attempting a trade." ([FINRA Case #2016051652702](#))

Firms Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320
Global Emerging Capital Group, LLC (CRD #130120)

New York, New York
(April 27, 2018)
FINRA Case #2013036681701

Global Emerging Capital Group, LLC (CRD #130120)

New York, New York
(April 27, 2018)
FINRA Case #2014038913201

Firms Suspended for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Casimir Capital L.P. (CRD #105061)

Greenwich, Connecticut
(April 12, 2018)

McNamee Lawrence Securities, LLC (CRD #46941)

Boston, Massachusetts
(April 12, 2018)

Mountain River Securities, Inc. (CRD #36937)

Denver, Colorado
(April 12, 2018)

PH Partners, LLC (CRD #130790)

Austin, Texas
(April 12, 2018)

Robert R. Meredith & Co., Inc. (CRD #29501)

New York, New York
(April 12, 2018)

Sandlapper Securities, LLC (CRD #137906)

Greenville, South Carolina
(April 25, 2018 – May 14, 2018)

Sisk Investment Services, Inc. (CRD #19406)

Syosset, New York
(April 12, 2018)

Toussaint Capital Partners, LLC (CRD #130290)

Freehold, New Jersey
(April 12, 2018)
FINRA Case #2018058129001/FPI180001

Individuals Revoked for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Carol Lipner (CRD #4434543)

Plainview, New York
(April 27, 2018)
FINRA Case #2014039444403

Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Donald Nelson Bower III (CRD #5926647)

Erin, New York
(April 23, 2018)
FINRA Case #2017055770201

Christopher Masharn Bruce (CRD #6010595)

Suwanee, Georgia
(April 5, 2018)
FINRA Case #2017055608601

Geoffrey Bret Davidson (CRD #6677637)
 Manchester, New Hampshire
 (April 27, 2018)
 FINRA Case #2017054699101

Miriam Fry (CRD #6006002)
 Saint Louis, Missouri
 (April 2, 2018)
 FINRA Case #2017054927601

Melanie Haning (CRD #4977256)
 Henderson, Nevada
 (April 12, 2018)
 FINRA Case #2017056399901

Ashley Marie Hostetter (CRD #6806115)
 Watauga, Texas
 (April 27, 2018)
 FINRA Case #2017056643701

David Wayne Krumrey (CRD #4121845)
 Conroe, Texas
 (April 6, 2018)
 FINRA Case #2017055552901

Gregory Alan LeVine (CRD #2401300)
 Fort Lauderdale, Florida
 (April 9, 2018)
 FINRA Case #2017054899701

Thomas Williams Manley II (CRD #6574550)
 Austin, Texas
 (April 23, 2018)
 FINRA Case #2017055827601

Gurdev Singh Mann (CRD #4125483)
 Woodland, California
 (April 13, 2018)
 FINRA Case #2016051569301

Christopher Quocthai Nguyen (CRD #6410934)
 Fort Worth, Texas
 (April 12, 2018)
 FINRA Case #2017055956001

Brett Michael Williams (CRD #6289770)
 Tifton, Georgia
 (April 12, 2018)
 FINRA Case #2017056053701

Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Mona Ali (CRD #6549579)
 Mokena, Illinois
 (April 23, 2018)
 FINRA Case #2018056954501

Bobbie Jo Besler (CRD #6103283)
 Flint, Texas
 (April 27, 2018)
 FINRA Case #2018057455001

Jeffrey Scott Cederberg (CRD #4557771)
 Gold Canyon, Arizona
 (April 30, 2018)
 FINRA Case #2018057570901

Gregory James Connell (CRD #4396726)
 Coral Gable, Florida
 (April 18, 2018)
 FINRA Case #2016051493701

Vicente Davila (CRD #4419824)
 Sugar Land, Texas
 (April 27, 2018)
 FINRA Case #2018057512601

Miguel Eduardo Guzman (CRD #6474248)
 Ridgefield Park, New Jersey
 (February 12, 2018 – April 13, 2018)
 FINRA Case #2017055959401

John Matthew Kurzhal (CRD #3169470)
Cottage Grove, Minnesota
(April 27, 2018)
FINRA Case #2018056841201

John Cochran Maccoll (CRD #839441)
Rochester Hills, Michigan
(April 23, 2018)
FINRA Case #2018057662601

Cynthia Mae Moore (CRD #5925832)
Boyne City, Michigan
(April 5, 2018)
FINRA Case #2018056967001

Felipe De Jesus U. Munive (CRD #6733359)
Roswell, Georgia
(April 30, 2018)
FINRA Case #2017055516401

Gordon Beecher Nitka (CRD #6432141)
Colorado Springs, Colorado
(April 30, 2018)
FINRA Case #2018057267301

Daniel Ochoa (CRD #6272502)
El Paso, Texas
(April 30, 2018)
FINRA Case #2018057496001

Joshua Alexander Stephens-Anselm (CRD #6405252)
Far Rockaway, New York
(April 9, 2018)
FINRA Case #2018057425901

John Bradford Stoddard (CRD #5700254)
Murray, Utah
(April 6, 2018)
FINRA Case #2017055929601

Christopher Robert Threet (CRD #6366464)
Astoria, New York
(April 23, 2018)
FINRA Case #2018057016301

David A. Wells (CRD #6219205)
Gilbert, Arizona
(April 2, 2018)
FINRA Case #2017056759701

Yuhong Zhou (CRD #6648794)
Phoenixville, Pennsylvania
(April 2, 2018)
FINRA Case #2018056902801

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Daniel Harry Curkan (CRD #2360082)
St. Petersburg, Florida
(April 25, 2017 - April 18, 2018)
FINRA Arbitration Case #14-02221

Anthony Diaz (CRD #4131948)
East Stroudsburg, Pennsylvania
(April 30, 2018)
FINRA Arbitration Case #16-01293

Brandon Avery Duncan (CRD #4001471)
Avery Island, Louisiana
(April 4, 2018)
FINRA Arbitration Case #17-01865

Timothy Stephen Fannin (CRD #4906131)
Sarasota, Florida
(August 25, 2017 - April 4, 2018)
FINRA Case #2017053203101/ARB170007/
FINRA Arbitration Case #16-02365

Michael P. Gopie (CRD #5758354)
Flushing, New York
(April 4, 2018)
FINRA Arbitration Case #15-01843

Louis Karl Kittlaus (CRD #602059)

Naples, Florida

(April 10, 2018)

FINRA Arbitration Case #15-02941

Michael Scott Lavalpe (CRD #5054798)

Brooklyn, New York

(April 11, 2018)

FINRA Arbitration Case #16-00402

Robert M. Marks Jr. (CRD #4198251)

East Setauket, New York

(April 4, 2018)

FINRA Arbitration Case #13-00215

Michael James McGraw (CRD #2660349)

Trabuco Canyon, California

(November 20, 2017 – April 16, 2018)

FINRA Arbitration Case #16-03327

Curtis Dean Milakovich (CRD #5471527)

Naples, Florida

(April 11, 2018)

FINRA Arbitration Case #16-02518

Matthew Jacob Paparazzo (CRD #5501366)

Closter, New Jersey

(April 10, 2018)

FINRA Arbitration Case #17-01799

Press Release

FINRA, BOX, Cboe, IEX, NASDAQ and NYSE Fine Instinet, LLC for Market Access Rule Violations

Instinet, LLC has been censured and fined a total of \$1.575 million for violations of various provisions of Rule 15c3-5 of the Securities Exchange Act of 1934 (known as the Market Access Rule) and related exchange supervisory rules. The action was taken by FINRA, along with BOX Options Exchange LLC (BOX); the Cboe BZX Exchange, Inc.; Investors Exchange LLC (IEX); The NASDAQ Stock Market LLC; the New York Stock Exchange; and certain of their affiliated Exchanges (collectively, “Exchanges”). The fine was apportioned among FINRA and the Exchanges.

In settling this matter, Instinet neither admitted nor denied the charges but consented to the entry of FINRA’s and the Exchanges’ findings.

The Market Access Rule requires broker-dealers that provide their customers access to an exchange or alternative trading system to adequately control the financial and regulatory risks of providing such access. The rule is designed to ensure that broker-dealers appropriately control the risks associated with market access, so as not to jeopardize their own financial condition, that of other market participants, the integrity of trading on the securities markets, and the stability of the financial system.

Instinet provided market access to numerous clients. FINRA and the Exchanges found that the Firm failed to supervise trading to detect and prevent potentially violative and manipulative activity. Further, FINRA and the Exchanges found that the firm failed to comply with the Market Access Rule by failing to implement financial and regulatory risk management controls and procedures reasonably designed to prevent the entry of erroneous or duplicative orders, orders that exceeded appropriate pre-set credit or capital thresholds, or erroneous messaging activity resulting from malfunctioning customer algorithms and trading systems.

“This case demonstrates the importance of reasonable market access procedures to appropriately monitor for errors and risks that can be harmful to the integrity of our securities markets,” said FINRA and the Exchanges in a joint statement.

When determining the appropriate sanction, FINRA and the Exchanges considered the facts and circumstances particular to this matter, including the erroneous orders that the firm entered on the Exchanges, potentially manipulative trading activity that went undetected by the firm, the market impact (both real and potential) of the underlying violative activity, the extent to which red flags were present, the nature of the supervisory failures, and the breadth and duration of the firm’s overall failures.

The investigations that led to the actions were conducted by the Departments of Enforcement and Market Regulation at FINRA and the Exchanges.